



Summary of Board Minutes

May 23, 2024

The regular meeting of the Board of Directors of Freeborn Mower Electric Cooperative (“FMEC”) took place at FMEC’s headquarters office, located at 3366 Bridge Avenue, Albert Lea, MN 56007, on Thursday, May 23, 2024.

All board members were present for this meeting.

Dennis Anderson, Vice Chair	District 1
Jay Neitzell – Joined Remotely	District 2
Steve Garbisch, Treasurer	District 3
Richard Schaufler	District 4
Frank Fryer, Secretary	District 5
Matt Maras	District 6
Jack Korman, Chair	District 7
Bill Trygstad	District 8
Larry Irvine	District 9

Call To Order: Jack Korman, FMEC Board Chair, opened the meeting at 8:00 a.m. with the Pledge of Allegiance.

Agenda Approval: Chair Korman called for any additions or edits to the agenda. Hearing none, the board voted to approve the agenda for the monthly meeting on May 23, 2024, as presented.

Safety Share: Steve Garbisch, Director from District 3, gave an update on summer grilling safety. This should always be a safe and enjoyable experience. To ensure this, always grill outdoors or opt for an electric grill. Ensure your grill is stable, and always clean it after each use. Regularly check for gas leaks and avoid wearing loose clothing that could catch fire. Keep your hair tied back, and be mindful of long beards. Never add lighter fluid to hot coals, and stay focused on grilling rather than socializing. Be vigilant to prevent flare-ups and maintain a safe zone for kids and pets away from the grill. Always have water or a fire extinguisher within reach and remember to turn off the gas once you’re done. Lastly, avoid using bristle brushes for cleaning to prevent accidental ingestion from loose bristles. Follow these tips to keep your grilling season safe every time.

Monthly Governance Discussion—Articles of Incorporation and Bylaw Changes: Jim reviewed Article IV in the FMEC Articles of Incorporation and emphasized the need for FMEC to make a revision, specifically regarding the current \$150 million debt limit. Following guidance from RUS and in line with other cooperatives, he suggests removing this clause, pending approval from our membership. Red-lined versions of this document and proposed changes to the Bylaws will be included on the agenda for the June board meeting.

The Board of Directors entered into Executive Session at 8:22 a.m.

During the executive session, the below topics were discussed. Because it was a closed session, no action was taken.

Angie Kolker provided a staff update on the Finance Team and discussed the need for a full-time Human Resources Manager. This would create an opportunity for a new hire in the Payroll and Financial Accountant position.

There was an update on the Unemployment hearing that occurred on May 13, 2024.

Updates were given on the other litigation cases involving FMEC.

District 6 managers and board members are discussing the process for electing directors to the MREA Board of Directors. All agreed that Jim Krueger, FMEC President & CEO, should send a memo outlining our position to District 6 cooperatives.

An update was provided regarding an incident where a member exhibited unusual behavior toward our Member Service Representatives.

The Executive Session concluded at 9:28 a.m.

Amendment to the Agenda: A motion to modify the May 23, 2024, agenda was proposed and accepted.

Additional Agenda Topic: The motion to add FMEC Staffing to the May 23, 2024, agenda was approved.

Approval of new hire: Motion carried in favor of adding a full-time Human Resources Manager position to FMEC. This new hire will report directly to Jim Krueger, President & CEO.

General Discussion: The topics below were discussed, and no action was taken.

- **Artificial Intelligence Demonstration:** During the presentation, Peter Nelson, FMEC Director of Information Technology, provided a comprehensive demonstration illustrating the potential applications of AI for positive and negative purposes. Through real-world examples and insightful analysis, he shed light on AI technology's ethical and societal implications.
- **Green Acres Milling Co.:** Bryan Skogheim provided an update on this potential new member. This large corn milling company is interested in property in the South Industrial Park.
- **Al Stadheim** shared an update regarding the power outages that occurred on Tuesday, May 21, 2024, due to wind and lightning. All crews promptly responded to the situation.

Approval of the Consent Agenda: The motion to approve the Consent Agenda as presented was carried. This included the approval of the prior monthly board minutes, approval of new members, authorization for payments to estates, acceptance of the audit committee and treasurer's reports, and the safety and management team reports.

Director Reports: Bill provided a detailed update on his recent meetings at DPC and reminded his fellow board members that the Dairyland Power Cooperative Annual Meeting is scheduled for June 5, 2024.

FMEC Financials: Angie Kolker, Director of Finance, presented the financial reports for April 2024.

Allocation of Margins: Motion carried to approve the allocation of margins based on gross margins in the amount of \$1,559,368.77 to SMEC members and \$1,318,814.80 for Legacy members, totaling \$2,878,183.57 for the year ending 2023.

RUS 219 Form Explanation: Robyn Joel, FMEC Plant Accountant, joined this meeting to provide educational information on the Rural Utility Service's 219 Form. This document summarizes the completion and financial details of Work Orders (WOs) for a given month. It begins with WOs being opened to track specific jobs assigned to crews, including their time, materials, transportation, and overhead costs. Once a WO is completed, it's processed for closure as part of the month-end routine. All closed WOs for the month are then presented on the 219 Form for the

Board's review. The first section of this form summarizes closed WOs eligible for RUS Loan Fund Advances, categorized by specific project codes and the loan year, currently 2022-2025. It details construction and retirement costs, salvage values of reusable items, contributions from members, and the net amount subject to RUS Loan Advances. The subsequent section breaks down the allocation and capitalization of construction costs to Distribution Plant Assets, ensuring that the total construction costs match across both sections of the form, which is essential for the report's accuracy. This systematic approach ensures transparency and accountability in the management of RUS projects.

June Board Meeting Date: Motion carried to move the regularly scheduled June 25, 2024, board meeting to Friday, June 21, 2024.

Policy Reviews: Policy 4.015 – Safety, Reliability, and Service Quality and Policy 6.014 – General Health & Safety were reviewed with no changes.

Work Order #1289 and Special Equipment #611 were presented to the Treasurer for signatures.

Motion carried to adjourn this meeting at 11:50 a.m.